

MARCH 1987

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3/31/87

ALASKA ECONOMIC TRENDS

Alaska Department of Labor Steve Cowper, Governor, State of Alaska

287.44	\$1315.09	125	1192.46
930.63	909.09		989.26
~~515.42~~ 516.73	503.69	38	~~515.42~~ 512.59
275.89	303.83	15049	323.61
606.12	606.12	609.51	
538.61	54		557.98
384.95		381.42	391.78
482.06	~~515.42~~ 509.29	504.38	531.22
350.72	346.97	336.22	345.10
394.59	432.95	419.85	459.46
24.20	25.16	~~23.55~~ 20.57	23.52
20.62	24.05	24.05	23.61
14.84	13.29	13.25	13.26

Revised Employment, Hours and Earnings, and Labor Force Data

Alaska Hours and Earnings for Selected Industries 1/ 2/

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	P/ 12/86	R/ 11/86	12/85	P/ 12/86	R/ 11/86	12/85	P/ 12/86	R/ 11/86	12/85
Mining	1293.04	1206.56	1209.74	55.4	52.3	51.5	23.34	23.07	23.49
Construction	927.09	886.12	957.53	39.3	37.5	39.6	23.59	23.63	24.18
Manufacturing	519.30	483.27	492.69	38.1	36.2	37.1	13.63	13.35	13.28
Food & Kindred Prod	262.74	218.68	238.95	29.0	28.0	29.5	9.06	7.81	8.10
Lumber & Paper Prod	702.47	675.51	583.40	47.4	44.5	43.7	14.82	15.18	13.35
Trans., Comm. & Utilities	538.78	548.80	576.01	35.1	34.8	36.9	15.35	15.77	15.61
Trade	370.51	364.10	380.29	33.5	33.1	33.3	11.06	11.00	11.42
Wholesale	539.09	509.68	513.46	38.7	38.7	37.1	13.93	13.17	13.84
Retail	316.41	315.74	334.72	31.8	31.2	32.0	9.95	10.12	10.46
Finance-Ins. & R.E.	411.47	420.00	427.33	34.9	35.0	35.7	11.79	12.00	11.97

1/ Prepared in cooperation with the Bureau of Labor Statistics US Department of Labor

2/ excludes eating and drinking establishments

AVERAGE HOURS AND EARNINGS SERIES: Averages are based on data for full and part time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

ALASKA ECONOMIC TRENDS
ALASKA DEPARTMENT OF LABOR

EMPLOYMENT SECURITY DIVISION

P.O. BOX 3-7000

JUNEAU, ALASKA 99802

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Alaska Economic Trends

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The following notes pertain to Nonagricultural Wage and Salary Employment Tables:

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark date March 1986.

P/ Denotes preliminary estimates.

R/ Denotes revised estimates.

Revised Employment, Hours and Earnings, and Labor Force Data

By Edward Eboch

Each February, nonagricultural wage and salary employment estimates are revised for the preceding eighteen months by a procedure referred to as **benchmarking**. The revised employment estimates for 1986 have just been completed.

The monthly estimates of employment published in *Alaska Economic Trends* are based on a sample of employers. The most comprehensive count of nonagricultural wage and salary employment is based on unemployment insurance tax reports, commonly referred to as ES-202 data, however, there is a six to nine month lag in collection and publication of this information.

Monthly employment is therefore estimated from a sample of firms willing to participate in the Current Employment Statistics (CES) program. The willingness of firms to provide data makes it possible to produce reliable estimates as to direction and magnitude of movements of nonagricultural wage and salary employment on a timely basis.

Revised estimates have been completed through December 1986. These employment numbers incorporate ES-202 data through June 1986. The revised employment estimates suggest that the downturn started in late fall 1985, before the sudden collapse of the price of oil. By late 1985 the economy was unable to maintain the lofty year to year gains in employment observed early in 1985.

By March, 1986 employment fell below the previous years level for the first time since the pipeline years. The depth of the problem was most evident in July, 1986 as employment fell, bucking the normal seasonal trend. While the annual average drop in employment from 1985 to 1986 was less than 4%, employment was down nearly 5% in November and December from the previous year. (For additional analysis of the past year see the Alaska article in this issue, "The Year in Review".)

Hours and Earnings Statistics

The hours and earnings estimates are also based on the data from employers. The estimates are then adjusted to reflect the level of employment. When the employment data are benchmarked, the hours and earnings are reviewed to see if additional sample or changes in

employment levels from earlier estimates have changed the estimates for hours and earnings.

As is usually the case, hours and earnings estimates have changed, primarily as a result of additional firms in our sample, but also because benchmarked estimates of employment have also changed. Note that the ES-202 data does not lend itself to estimates of average weekly hours and earnings, important indicators to the direction of the economy.

Increasing average weekly hours usually indicate an expanding economy, leading to a future increase in employment, whereas declining average weekly hours usually indicate that the economy is contracting and that employment will decline.

The benchmarked hours and earnings data suggest that Alaska's economy will continue to contract, and that employment will continue to decline.

Labor Force Statistics

Labor force statistics are also benchmarked in January using the new nonagricultural wage and salary numbers as well as other updated data. The employment numbers in the labor force table differ from the nonagricultural wage and salary numbers because of the methodology used in making estimates. Nonagricultural wage and salary employment is considered the better indicator of changes in employment whereas the labor force data is considered the better measure of job prospects and the current hardships of people looking for work.

Unemployment can increase in a rapidly expanding economy as well as a rapidly declining economy. This occurred in Alaska in the 1980s. When the economy was expanding, people rushed to Alaska, increasing the number of unemployed until they found jobs. The effect was a rapidly expanding labor force, increasing numbers of unemployed, and increasing numbers of employed. Now, as the number of job holders declines rapidly, people leaving Alaska reduce the labor force so that the increase in unemployment understates the severity of the current recession.

There are several technical changes in the reported labor force statistics. The revised estimates reflect the incorporation of a new method of estimating total employment at the census area level and a procedural change in how the estimates for the Anchorage and Matsu Borough are developed.

These changes are especially important when looking at the data over time. In the past the distribution of employment was based on the census population data as a percent of the region's population and the participation rate of residents in the labor force was ignored. The employment data is now distributed on the basis of this population data but takes into account the labor force participation in the census areas. The effect is to increase the unemployment rates of the less populated census areas while the unemployment rate of the more populated census areas drop slightly.

The second significant change in the methodology is the calculation of the labor force statistics for the Anchorage and Matanuska-Susitna boroughs. Previously, the estimates were made at the region level and then distributed to the boroughs based on population, unemployment claims data and other factors. The labor force numbers of the two census areas are now calculated separately and then summed to the region level. As a result, the unemployment rate in Matanuska Borough is now estimated to be much higher than previously estimated.

The labor force data has been benchmarked for 1985 and 1986 using the new procedures. Comparisons between the methods can be made for the areas using 1985 data which is available using both procedures. To get a continuous series for pre-1985, earlier data will have to be adjusted using the information available from the 1985 comparisons.

Finally, the new Northwest Arctic Borough replaces the Kobuk Census Area. Although the change is primarily in name only, the area the new borough represents is slightly larger. The difference does not change the numbers in the labor force statistics because the additional area encompassed by the new borough had little or no employment before this change. The significance of this change is that as the Red Dog mine begins activity that employment will now fall into the Northwest Arctic Borough (Kobuk) instead of the North Slope Borough.

**Nonagricultural Wage and Salary Employment
By Place of Work
ALASKA**

1986

	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Average
Nonag. Wage & Salary	212900	214500	215700	218200	224600	228100	237900	236400	230600	220500	214700	211400	222100
Mining	9700	9900	9700	8700	8500	8600	9000	9000	9100	8500	8400	8300	9000
Construction	10900	10600	10600	11200	13000	14900	15800	16300	16400	15300	12600	11200	13200
Manufacturing	8100	8700	9200	10800	13100	14600	21600	20800	15100	10300	8400	7900	12400
Food & Kindred Prod.	3200	3700	3900	5000	7100	8200	15200	14400	8800	4100	2700	2700	6600
Lumber & Paper Prod.	1700	1900	2200	2700	2800	3100	3000	3000	3000	2900	2600	2200	2600
All Other Mfg.	3200	3100	3100	3100	3200	3300	3400	3400	3300	3300	3100	3000	3200
Trans. Comm. & Utilities	17500	17200	17000	17600	18200	19300	19500	19600	19500	18200	17700	17300	18200
Trucking & Whseing.	2200	2100	2100	2300	2400	2500	2400	2500	2300	2200	2100	2000	2300
Water Transportation	1000	1000	1000	1200	1200	1500	1600	1800	1600	1300	1100	1000	1300
Air Transportation	5400	5200	5100	5200	5400	5600	5800	5700	5500	5300	5300	5300	5400
Other Trans. Comm. & Utilities	8900	8900	8800	8900	9200	9700	9700	9600	10100	9400	9200	9000	9300
Trade	43200	42600	42900	43200	44700	46100	46200	46700	45600	43900	43300	43700	44300
Wholesale	8300	8200	8200	8200	8300	8400	8500	8200	7900	7600	7600	7400	8100
Retail	34900	34400	34700	35000	36400	37700	37700	38500	37700	36300	35700	36300	36300
Gen. Mer. & Apparel	5200	4900	4900	4900	5100	5400	5500	5600	5400	5500	5600	5800	5300
Food Stores	5600	5600	5700	5800	5900	6100	6300	6200	6200	6000	6000	6200	6000
Eating & Drinking Pl.	12600	12600	12800	13000	13700	14200	14000	14800	14400	13300	12800	12700	13400
Other Retail Trade	11500	11300	11300	11300	11700	12000	11900	11900	11700	11500	11300	11600	11600
Finance-Ins. & R.E.	12400	12500	12600	12700	12800	13000	13000	12900	12600	12600	12400	12300	12700
Services & Misc.	42900	43500	43900	43500	44100	45500	46700	46300	44800	43300	42900	42800	44200
Government	68200	69500	69800	70500	70200	66100	66100	64800	67500	68400	69000	67900	68200
Federal	17400	17500	17600	17700	18000	18400	18500	18400	18400	18400	18500	18600	18100
State	19700	20700	21100	21300	20900	19800	20600	19200	20000	20000	19700	19100	20200
Local	31100	31300	31100	31500	31300	27900	27000	27200	29100	30000	30800	30200	29900

Prepared in cooperation with U.S. Bureau of Labor Statistics.

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.
Benchmark Date March 1986.

**Nonagricultural Wage and Salary Employment
By Place of Work
ANCHORAGE**

1986

	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Average
Nonag. Wage & Salary	107850	108400	108200	108800	109900	111300	112400	111700	111150	108950	106600	105700	109200
Mining	4000	4150	4100	3800	3550	3600	3550	3450	3400	3250	3200	3150	3600
Construction	6250	6350	6200	6500	7150	8150	8500	8750	8750	8250	6750	5850	7300
Manufacturing	2300	2300	2250	2400	2600	2850	3650	3500	3000	2350	2150	2150	2600
Food & Kindred Prod.	400	400	400	600	750	1000	1700	1600	1100	500	400	400	800
Other Mfg.	1900	1900	1850	1800	1850	1850	1950	1900	1900	1850	1750	1750	1900
Trans. Comm. & Utilities	9100	9050	8900	9250	9500	9900	10050	10100	9900	9550	9250	9050	9500
Trucking & Whseing.	1300	1300	1250	1450	1500	1600	1650	1650	1500	1400	1350	1350	1400
Water Transportation	250	250	250	300	350	300	350	350	350	350	300	250	300
Air Transportation	3050	2950	2900	2900	2950	3050	3150	3150	3050	3050	2950	2950	3000
Other Trans. Comm. & Utilities	4500	4550	4500	4600	4700	4950	4900	4950	5000	4750	4550	4500	4700
Trade	26700	26200	26250	26150	26300	26700	26450	26550	26250	25900	25850	26250	26300
Wholesale	6400	6350	6350	6250	6250	6250	6300	6150	6000	5850	5800	5700	6100
Retail	20300	19850	19900	19900	20050	20450	20150	20400	20250	20050	20050	20550	20200
Gen. Merchandise	1900	1800	1800	1800	1800	1900	1850	1900	1900	1950	2050	2150	1900
Food Stores	2850	2850	2850	2900	2900	3050	3050	3050	3050	3000	3000	3150	3000
Eating & Drinking Pl.	8150	8000	8100	8050	8050	8150	8000	8100	8150	8000	7900	7850	8000
Other Retail Trade	7400	7200	7150	7150	7300	7350	7250	7350	7150	7100	7100	7400	7200
Finance-Ins. & R.E.	8300	8350	8450	8400	8450	8450	8250	8250	8150	8250	8050	8050	8300
Services & Misc.	24900	25200	25250	25050	25300	25750	26000	25500	25100	24600	24300	24400	25100
Government	26300	26800	26800	27250	27050	25900	25950	25600	26600	26800	27050	26800	26600
Federal	9900	9950	10000	10000	10000	10150	10350	10250	10400	10350	10400	10350	10200
State	7000	7550	7600	7700	7500	7050	7000	6800	7300	7350	7300	7150	7300
Local	9400	9300	9200	9550	9550	8700	8600	8550	8900	9100	9350	9300	9100

**Nonagricultural Wage and Salary Employment
By Place of Work
ANCHORAGE-MATSU**

1986

	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Average
Nonag. Wage & Salary	114750	115250	115200	115450	116750	118350	119350	118900	118350	115700	113200	112400	116100
Mining	4000	4150	4100	3800	3550	3600	3550	3500	3450	3250	3200	3150	3600
Construction	6600	6700	6600	6850	7550	8600	9000	9250	9250	8700	7100	6150	7700
Manufacturing	2400	2350	2350	2450	2650	2950	3750	3650	3100	2400	2250	2200	2700
Trans. Comm. & Utilities	9800	9700	9600	9900	10150	10450	10700	10750	10650	10250	9950	9750	10100
Trade	28250	27700	27800	27600	27850	28300	28050	28200	27800	27400	27350	27850	27800
Finance-Ins. & R.E.	8850	8900	9000	8950	8950	9000	8800	8800	8700	8750	8550	8600	8800
Services & Misc.	26200	26450	26500	26200	26500	27050	27350	26850	26400	25800	25550	25550	26400
Government	28650	29300	29250	29700	29550	28400	28150	27900	29000	29150	29250	29150	29000

**Nonagricultural Wage and Salary Employment
By Place of Work
INTERIOR**

1986

	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Average
Nonag. Wage & Salary	29950	30300	30450	31050	32500	33000	34200	33550	33750	32300	31100	30450	31900
Mining	250	200	200	200	250	250	250	300	300	250	250	250	200
Construction	1400	1150	1100	1200	1750	2250	2500	2550	2600	2350	1750	1600	1900
Manufacturing	550	550	550	550	600	650	700	700	700	650	600	600	600
Trans. Comm. & Utilities	2850	2800	2750	2850	3050	3250	3350	3300	3250	3000	2850	2900	3000
Trade	5750	5850	5850	6050	6600	6850	6800	6750	6750	6300	6200	6100	6300
Finance-Ins. & R.E.	1100	1150	1150	1150	1200	1200	1250	1200	1150	1150	1100	1100	1200
Services & Misc.	6200	6300	6400	6400	6400	6850	7100	7100	6800	6300	6150	6050	6500
Government	11850	12300	12450	12650	12650	11700	12250	11650	12200	12300	12200	11850	12200

**Nonagricultural Wage and Salary Employment
By Place of Work
FAIRBANKS**

1966

	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Average
Nonag. Wage & Salary	26300	26600	26850	27350	28150	28600	28350	28950	28300	28600	27100	26500	27750
Mining	100	100	100	100	100	100	100	100	100	100	100	100	100
Construction	1350	1100	1100	1150	1650	2000	2250	2300	2600	2250	1700	1550	1600
Manufacturing	550	550	550	550	600	650	700	650	650	650	600	600	600
Trans. Comm. & Utilities	2500	2500	2450	2550	2700	2950	3000	2950	2850	2700	2550	2500	2700
Trucking & Warehousing	400	400	350	400	400	400	350	350	350	400	350	400	400
Air Transportation	900	900	900	900	950	1000	1050	1050	1000	950	900	900	1000
Other Trans. Comm. & Utilities	1200	1200	1200	1250	1350	1550	1600	1550	1500	1350	1300	1200	1400
Trade	5450	5500	5550	5700	6150	6400	6250	6300	6250	5800	5450	5750	5900
Wholesale	900	900	900	900	950	1000	1000	1000	950	950	900	900	900
Retail	4550	4600	4650	4800	5200	5400	5250	5300	5300	4850	4550	4850	5000
Gen. Mer. & Apparel	550	550	550	550	550	550	550	550	550	550	550	700	600
Food Stores	750	750	750	750	750	750	750	750	800	800	800	750	800
Other Retail Trade	3250	3300	3400	3500	3900	4100	4150	4150	4150	3800	3500	3400	3700
Finance-Ins. & R.E.	1050	1050	1100	1100	1150	1150	1150	1100	1100	1050	1050	1150	1100
Services & Misc.	5850	5950	6000	5850	5850	6200	6400	6400	6150	5700	5850	5650	6000
Government	9450	9850	10000	10050	9950	9150	9250	9150	9450	9050	9050	8300	9050
Federal	2700	2750	2750	2800	2950	3000	3000	3050	2950	2800	2800	2400	2800
State	3850	4200	4250	4250	4500	3450	3750	3500	3800	4150	4100	3800	3900
Local	2900	2900	3000	2950	3000	2700	2650	2550	2750	2700	2650	2600	2800

Alaska Microcomputer Occupational Information System (Micro-OIS)

What is Micro OIS?

Alaska Micro-OIS is a new microcomputer system designed to give program planners and education administrators a quick, convenient, and effective means to access occupational information and produce reports. It is an interactive user friendly system run on an IBM compatible PC with a hard disk.

Micro-OIS quickly and easily matches occupational demand data (current and projected employment), supply data (trained persons available for work at an occupation), and supplemental analysis information for specific and related occupations.

Micro-OIS was developed through a special grant provided by the National Occupational Information Coordinating Committee (NOICC). The project was a joint effort by the Alaska Occupational Information Coordinating Committee and the Alaska Department of Labor.

What Does Alaska Micro-OIS Contain?

The demand data are Occupational Employment Statistics (OES) current estimated and projected employment for more than 500 occupations and the average annual openings resulting from industry growth and replacement needs (retirement and death). Supply data include program completers from vocational and technical schools, university and community colleges, proprietary schools, and the Job Training Partnership Act (JTPA) program. Plans are to include unemployment insurance claimant data and separates from military service who will return to or stay in Alaska. Supplemental analysis data in the system are hourly wage rates, Job Service job applicants and job openings (filled and unfilled), and the ratio of applicants to openings.

What can Alaska Micro-OIS Do For Me?

Micro-OIS provides the capability of producing standard production reports of occupational demand, supply, and analysis. It also allows users to develop specific criteria for selecting occupational data such as the number of projected job openings, current wage rate, and a ratio range of Job Service job applicants to job openings. Occupational demand and supply, and analysis data are related to occupation.

another by occupational clusters. The clusters are groupings of education or training programs that have common curricula and occupational objectives which can be entered as an outcome of the training. Currently the system has about 100 occupational clusters.

A characteristic file allows users to select Alaska Micro-OIS occupational demand and supply data by occupational traits, such as general education, developmental levels (reasoning, math, languages), preparation time, physical demands, and environmental conditions. Micro-OIS currently delivers information for Alaska, Anchorage Municipality and Fairbanks. Long range plans include the addition of information for the six geographic regions.

How Much Does Alaska Micro-OIS Cost and Where Can I Get a Copy?

Micro-OIS is distributed free of charge to anyone who provides three diskettes to copy it on. No other software is required. The database will be updated annually as new data are compiled.

To obtain Micro-OIS, send three 5 1/4 inch floppy diskettes to the address below.

If you have any questions about Alaska Micro-OIS or want to know more about it, please contact:

Sally Seidler, Coordinator
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OR

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**Nonagricultural Wage and Salary Employment
By Place of Work
SOUTHEAST ALASKA**

1966

	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Average
Nonag Wage & Salary	26050	26450	27350	28700	29800	31050	32250	32400	31400	28900	27450	26700	29000
Construction	850	800	900	1000	1200	1300	1400	1450	1450	1350	1150	950	1200
Manufacturing	2000	2350	2700	3500	3950	4300	5250	5700	4950	3700	3000	2550	3700
Food & Kindred Prod.	300	400	450	800	1100	1200	2200	2650	2000	800	400	350	1100
Lumber & Paper Prod.	1500	1750	2050	2500	2650	2900	2850	2850	2750	2700	2400	2000	2400
All Other Mfg	200	200	200	200	200	200	200	200	200	300	200	200	200
Trans. Comm & Utilities	1750	1750	1800	2050	2100	2550	2550	2550	2400	2050	1950	2000	2100
Trade	4100	4050	4100	4300	4500	4850	4950	4900	4750	4450	4300	4350	4500
Wholesale	350	300	350	350	300	350	350	350	350	350	300	300	300
Retail	3750	3750	3750	3950	4200	4500	4600	4550	4400	4100	4000	4050	4100
Finance-Ins. & R.E.	1100	1100	1100	1150	1150	1300	1300	1250	1200	1200	1200	1150	1200
Mining, Services & Misc.	4250	4250	4550	4400	4550	4750	4750	4750	4650	4500	4350	4300	4500
Government	12000	12150	12200	12300	12350	12000	12050	11800	12000	11650	11500	11400	12000
Federal	1950	2000	2000	2000	2100	2200	2250	2200	2200	2100	2050	2050	2100
State	5550	5550	5650	5650	5700	5550	5500	5250	5350	5200	5050	4950	5400
Local	4500	4600	4550	4650	4550	4250	4300	4350	4450	4350	4400	4400	4400

**Nonagricultural Wage and Salary Employment
By Place of Work
GULF COAST**

1986

	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Average
Nonag Wage & Salary	18300	18500	18550	18700	20500	21350	24900	24450	21100	19350	18450	18000	20200
Mining	1100	1050	1000	950	950	950	900	900	900	850	850	850	900
Construction	1100	1050	950	950	1200	1400	1450	1550	1500	1400	1150	950	1200
Manufacturing	1900	2150	2150	2550	3550	3850	7450	7000	4000	2500	2050	1900	3400
Food & Kindred Prod.	1300	1550	1550	1950	2950	3250	6800	6400	3400	1900	1450	1300	2800
All Other Mfg	600	600	600	600	600	600	650	600	600	600	600	600	600
Trans. Comm. & Utilities	1600	1550	1500	1350	1400	1400	1400	1350	1400	1300	1300	1350	1400
Trade	3250	3150	3250	3300	3600	3900	3950	3950	3750	3500	3400	3450	3500
Wholesale	450	450	450	500	600	650	650	650	650	500	500	500	500
Retail	2800	2700	2800	2800	3000	3250	3300	3300	3100	3000	2900	2950	3000
Finance-Ins & R.E.	650	650	650	700	700	700	700	700	700	650	650	650	700
Services & Misc.	3050	3150	3200	3250	3350	3600	3650	3400	3400	3300	3200	3200	3400
Government	5650	5750	5850	5650	5750	5550	5400	5350	5450	5750	5750	5650	5600
Federal	550	550	550	550	600	650	650	650	650	600	600	600	600
State	1500	1550	1600	1650	1650	1650	1700	1600	1650	1600	1550	1500	1600
Local	3600	3650	3700	3450	3500	3250	3050	3100	3150	3550	3600	3550	3400

Alaska
Unemployment Rates
by Region and Census Area
1986

	Jan	Feb	March	April	May	June	July	Aug	Sep	Oct	Nov	Dec	1986 Annual Average	1985 Annual Average
Alaska Statewide	11.7	12.1	12.2	12.2	11.0	10.9	10.2	9.8	9.2	10.0	10.6	11.2	10.9	9.6
Anch-MatSu Region	9.5	9.9	10.2	10.6	10.0	9.8	9.7	9.4	8.6	8.8	9.1	9.6	9.6	8.3
Anchorage Borough	8.0	8.5	8.9	9.2	8.7	8.6	8.6	8.5	7.7	7.9	8.1	8.4	8.4	7.2
MatSu Borough	19.8	20.1	20.0	20.8	19.0	18.7	18.1	16.7	15.2	15.8	16.5	18.4	18.3	15.9
Gulf Coast Region	15.6	16.0	17.2	17.6	14.3	13.7	11.0	10.5	12.0	13.9	15.8	15.7	14.3	12.0
Kenai Peninsula Borough	18.6	19.1	20.6	20.7	18.0	17.5	14.5	13.9	14.9	17.2	19.2	18.5	17.6	14.1
Kodiak Island Borough	8.4	7.9	8.7	10.9	8.3	7.6	4.9	4.0	4.9	6.7	7.3	8.1	7.4	8.1
Valdez-Cordova	14.5	15.3	16.0	14.7	8.3	7.2	5.6	6.0	6.8	11.1	14.5	15.7	11.0	9.5
Interior Region	16.0	16.6	15.8	16.0	14.3	14.0	13.0	12.7	11.4	12.6	13.5	14.5	14.2	12.3
Fairbanks North Star Bor	15.6	16.0	15.3	15.5	14.2	13.8	13.0	12.7	11.5	12.3	13.1	13.9	13.9	11.9
Southeast Fairbanks	18.8	20.1	18.8	17.9	14.6	12.1	11.2	11.8	10.1	12.3	15.5	16.5	14.9	12.7
Yukon-Koyukuk	18.7	21.1	19.8	20.2	15.6	17.3	14.2	13.2	11.8	16.8	17.1	18.7	17.0	16.5

Benchmark March 1986

**Average Weekly Earnings
1986**

	Jan	Feb	March	April	May	June	July	Aug	Sep	Oct	Nov	Dec	Avg
Mining	1225.66	1173.98	1230.45	1189.65	1141.06	1081.02	1123.87	1165.32	1170.43	1210.61	1281.52	1344.56	1193.92
Construction	925.76	908.12	1021.64	1035.50	1004.87	1056.24	1080.20	1152.77	1183.43	1234.53	1022.13	1036.46	1071.69
Manufacturing	482.25	499.70	510.08	499.78	479.97	469.13	456.23	473.76	422.80	512.47	511.04	495.50	477.58
Food & Kindred Prod.	244.03	305.24	311.83	300.27	285.84	269.55	372.61	394.35	253.18	295.14	256.40	247.85	317.95
Lumber & Paper Prod.	628.79	638.23	707.50	727.17	818.89	817.02	686.65	725.18	737.80	742.15	698.41	668.86	724.59
Transportation	548.21	563.14	549.69	561.74	552.09	578.03	582.38	566.18	557.02	550.37	544.60	557.00	560.20
Trade	387.26	387.11	382.91	383.79	376.53	382.36	371.18	376.19	384.10	387.89	384.05	386.12	381.90
Wholesale	541.44	528.83	520.71	517.49	492.51	510.68	501.35	513.25	527.06	535.81	540.69	568.51	523.97
Retail	330.88	331.69	330.12	333.47	334.12	337.26	323.93	329.62	334.95	339.10	331.34	329.29	332.30
Finance, Ins. & R.E.	394.91	396.72	402.88	379.29	387.82	396.97	394.91	392.54	382.80	386.12	405.86	401.36	393.42

**Average Weekly Hours
1986**

	Jan	Feb	March	April	May	June	July	Aug	Sep	Oct	Nov	Dec	Avg
Mining	52.2	51.4	52.9	51.5	50.4	50.8	52.2	51.7	50.8	50.4	53.8	56.0	52.0
Construction	41.2	39.9	42.8	43.6	41.2	43.2	44.0	45.6	46.3	47.3	41.0	42.6	43.6
Manufacturing	37.5	41.4	42.9	41.1	40.3	37.5	43.7	47.0	35.0	41.8	39.1	38.5	41.1
Food & Kindred Prod.	32.8	41.7	41.8	38.3	36.0	31.6	44.2	47.8	28.1	33.5	28.3	27.6	38.4
Lumber & Paper Prod.	44.5	44.6	49.2	49.1	52.9	51.0	44.3	50.5	52.7	57.8	53.6	53.0	50.6
Transportation	37.6	37.0	36.5	36.5	35.3	36.7	37.0	37.2	36.1	36.4	35.0	34.9	36.4
Trade	33.5	33.4	33.5	33.0	33.0	34.2	33.5	33.8	33.4	33.7	33.6	33.9	33.5
Wholesale	37.6	38.1	38.6	37.2	36.7	37.8	37.0	37.3	36.5	36.8	37.6	37.8	37.4
Retail	32.0	31.5	31.5	31.4	31.7	33.0	32.2	32.7	32.3	32.7	32.2	32.7	32.2
Finance, Ins. & R.E.	34.4	34.8	34.2	33.3	33.9	34.7	34.4	35.3	33.2	34.2	34.6	34.6	34.3

**Average Hourly Earnings
1986**

	Jan	Feb	March	April	May	June	July	Aug	Sep	Oct	Nov	Dec	Avg
Mining	23.48	22.84	23.26	23.10	22.64	21.28	21.53	22.54	23.04	24.02	23.82	24.01	22.96
Construction	22.47	22.76	23.87	23.75	24.39	24.45	24.55	25.28	25.56	26.10	24.93	24.33	24.58
Manufacturing	12.86	12.07	11.89	12.16	11.91	12.51	10.44	10.08	12.08	12.26	13.07	12.87	11.62
Food & Kindred Prod.	7.44	7.32	7.46	7.84	7.94	8.53	8.43	8.25	9.01	8.81	9.06	8.98	8.28
Lumber & Paper Prod	14.13	14.31	14.38	14.81	15.48	16.02	15.50	14.36	14.00	12.84	13.03	12.62	14.32
Transportation	14.58	15.22	15.06	15.39	15.64	15.75	15.74	15.22	15.43	15.12	15.56	15.96	15.39
Trade	11.56	11.59	11.43	11.63	11.41	11.18	11.08	11.13	11.50	11.51	11.43	11.39	11.40
Wholesale	14.40	13.88	13.49	13.91	13.42	13.51	13.55	13.76	14.44	14.56	14.38	15.04	14.01
Retail	10.34	10.53	10.48	10.62	10.54	10.22	10.06	10.08	10.37	10.37	10.29	10.07	10.32
Finance, Ins. & R.E.	11.48	11.40	11.78	11.39	11.44	11.44	11.48	11.12	11.53	11.29	11.73	11.60	11.47

Benchmark March 1986

Alaska

By Edward Eboch



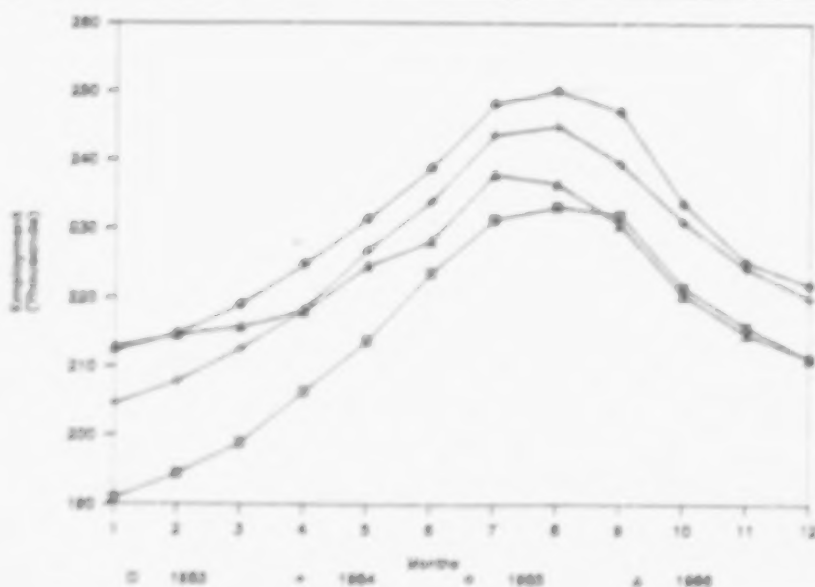
The Year in Review

Although 1986 is viewed as the beginning of the recession in Alaska, in analyzing the benchmark employment numbers (Table 1 and the article beginning on page 1) show that the economy began to weaken by late 1985 before the sudden collapse of the price of oil. Year-to-year losses were not observed until March, 1986; but by October, 1985, the year-to-year gains observed earlier in 1985 were beginning to disappear (Figure 1). As a result, the original estimates for the second half 1985 were slightly high and year-to-year losses were not recorded until April 1986.

The largest error in the original employment estimates occurred in August 1986, when these estimates indicated a seasonal increase in employment. The revised estimates indicate a decline in employment from July to August, contrary to historical employment movements. By the end of the year, the earlier estimates were tracking the year-to-year losses of about 10,000 although both the November and December

Figure 1

Alaska—Nonag. Wage and Salary Employment



ber 1985 and 1986 estimates were slightly higher than the benchmark estimates.

In early 1985 employment losses were largely restricted to construction (Figure 2) and construction related firms. As 1985 progressed the losses in construction began to slow the growth of other industries. The construction industry, however, was not the only industry to have large declines in employment in 1985. The air transportation industry also had employment losses. With deregulation high cost airlines came under pressure to improve their operations or to close.

When Wein airline quit operating in mid-1985, it was assumed that other airlines would quickly increase employment to offset the loss of employment from Wein. Other airlines seemed quick to assume Wein's routes and to compete for their mail contracts. As a result earlier estimates adjusted the employment levels down only slightly from what would normally be the trend.

It now appears that other airlines did not need to increase their employment, or they increased employment only marginally with these new endeavors. This error accounts for approximately 800 of the over estimate in air transportation employment for the second half 1985.

Figure II

Construction Employment

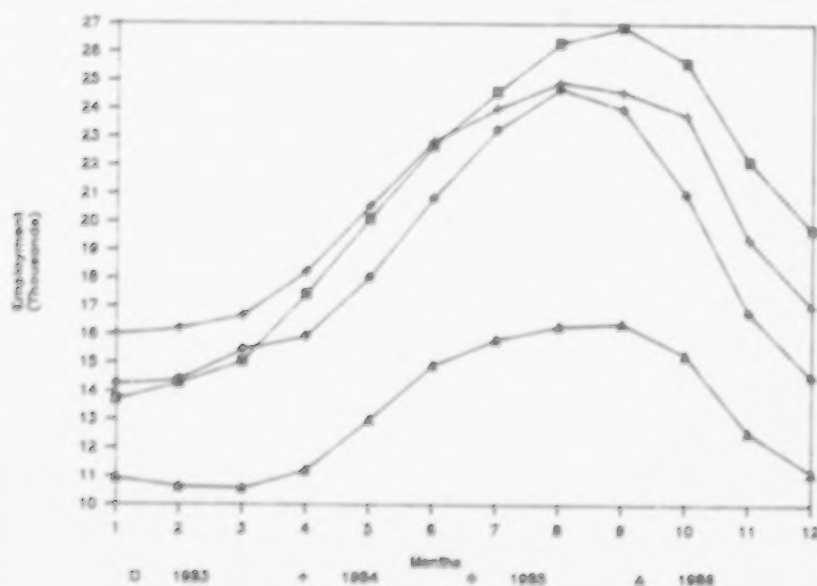
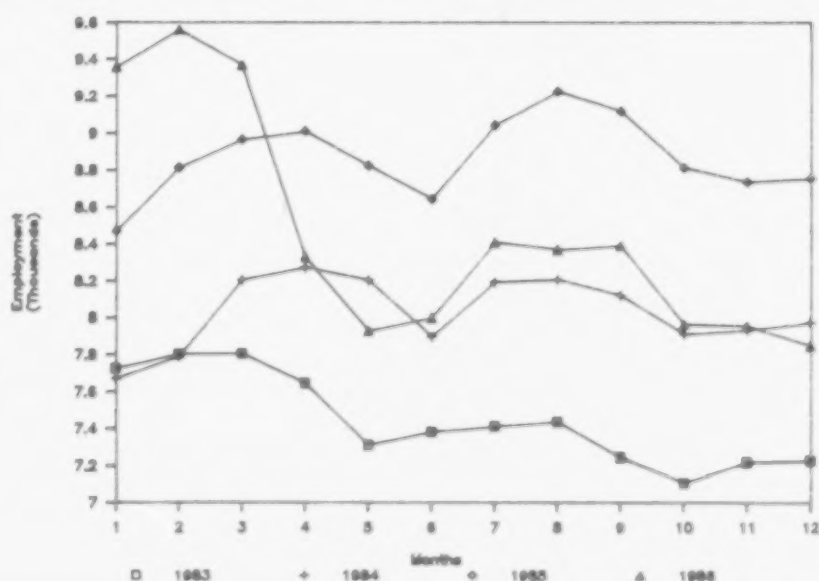


Figure III

Oil & Gas Employment



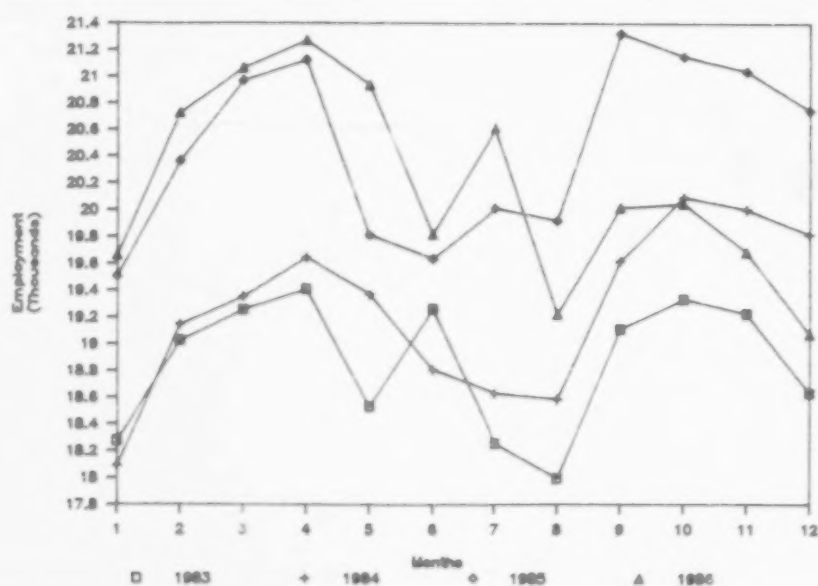
With the decline in the price of oil, the oil companies cut back employment in 1986, especially in the exploration and development end of the business (Figure 3). The impact of cuts in oil and gas projects activity was also felt in construction, because oil and gas projects accounted for as much if not more construction employment than state funded projects.

The loss of jobs and income from the oil industry, in many ways Alaska's most important basic industry, was quickly followed by losses elsewhere in the economy. The loss of direct oil employment and oil related construction employment were translated to less business for the support industries. As peoples' expectations about the future changed, they began to become more conservative in their spending, resulting in an additional drop in demand for goods and services of the secondary industries.

By mid-year 1986, lower oil prices were projected to require cuts in state government expenditures, including reducing state employment (Figure 4). These cuts, begun in late 1985, added to the woes of Alaska's economy. By year-end there were losses in all industries, except manufacturing. A recovery in the timber industry and an excel-

Figure IV

State Government Employment



lent year for the fisheries industry, however, were not enough to offset the impact of the losses in mining and government.

The first sizable year-to-year drops in employment occurred in July, 1986. This drop was contrary to the normal seasonal trend for this time of year. The drop in employment cannot be explained by movement in any single industry. Mining and services (largely hotels and other services) lost employment contrary to the normal seasonal movements but these losses were not large enough to account totally for the downturn.

Rather, this unusual downturn in July employment was caused by a combination of declines in some industries and smaller growth than usual in other industries, as firms cut employment earlier than the usual seasonal adjustments. By August employment was again following the normal seasonal movements, but it was below the 1983 levels.

While the loss in construction and construction related industries employment accounts for much of the losses in employment through the end of 1986, the loss was not nearly as bad as previously thought when viewed from a historical perspective. Alaska has always had a construction workforce that is a greater percent share of nonagricultural

Alaska
Nonagricultural Wage and Salary Employment
By Place of Work

	Annual Average 1986	Annual Average 1985	Percent Change
Nonag. Wage & Salary	222100	230700	-3.7
Mining	9000	9500	-5.3
Construction	13200	18600	-29.0
Manufacturing	12400	12100	2.5
Food & Kindred Prod.	6600	6400	3.1
Lumber & Paper Prod.	2600	2300	13.0
All Other Mfg.	3200	3400	-5.9
Trans. Comm. & Utilities	18200	18700	-2.7
Trucking & Whseing.	2300	2300	0.0
Water Transportation	1300	1400	-7.1
Air Transportation	5400	5800	-6.9
Other Trans. Comm. & Utilities	9300	9300	0.0
Trade	44300	45800	-3.3
Wholesale	8100	8700	-6.9
Retail	36300	37100	-2.2
Gen. Mer. & Apparel	5300	5300	0.0
Food Stores	6000	6000	0.0
Eating & Drinking Pl.	13400	13400	0.0
Other Retail Trade	11600	12300	-5.7
Finance-Ins. & R.E.	12600	12800	-1.6
Services & Misc.	44200	44800	-1.3
Government	68200	68300	-1
Federal	18100	17600	2.8
State	20200	20500	-1.5
Local	29900	30300	-1.3

wage and salary employment than for the United States as a whole, 6% to 7% versus 3% to 4%. From 1983 through 1985 construction employment was well above the historic norm. In 1986, Alaska's annual average construction employment returned to the historic range, 6% of total employment.

Conclusion

Alaska's economy approached depression levels by year-end 1986. Annual average nonagricultural wage and salary employment in 1986 was 3.7% below 1985's level, but it was running nearly 5% below year ago levels in the last two months of 1986. Losses in construction employment in 1984 and 1985 were more than offset by increases in employment in the secondary industries, but by the end of 1986, this had changed. All industries, with the exceptions of seafood processing and timber, had year-to-year losses from 1985 to 1986.

**Nonagricultural Wage and Salary Employment
By Place of Work
Alaska**

Changes From:

	p/ 1/87	r/ 12/86	1/86	12/86	1/86
Nonag. Wage & Salary	205100	211400	212900	-6300	-7800
Mining	7800	8300	9700	-500	-1900
Construction	9700	11200	10900	-1500	-1200
Manufacturing	7900	7900	8100	0	-200
Food & Kindred Prod.	3100	2700	3200	400	-100
Lumber & Paper Prod.	1800	2200	1700	-400	100
All Other Mfg.	3000	3000	3200	0	-200
Trans. Comm. & Utilities	17000	17300	17500	-300	-500
Trucking & Whseing	2000	2000	2200	0	-200
Water Transportation	800	1000	1000	-200	-200
Air Transportation	5300	5300	5400	0	-100
Other Trans. Comm. & Utilities	8900	9000	8900	-100	0
Trade	41700	43700	43200	-2000	-1500
Wholesale	7200	7400	8300	-200	-1100
Retail	34500	36300	34900	-1800	-400
Gen. Mer. & Apparel	5200	5800	5200	-600	0
Food Stores	5900	6200	5600	-300	300
Eating & Drinking Pl.	12600	12700	12600	-100	0
Other Retail Trade	10800	11600	11500	-800	-700
Finance-Ins. & R.E.	12200	12300	12400	-100	-200
Services & Misc.	41900	42800	42900	-900	-1000
Government	66900	67900	68200	-1000	-1300
Federal	18400	18600	17400	-200	1000
State	18200	19100	19700	-900	-1500
Local	30300	30200	31100	100	-800

Prepared in cooperation with the U.S. Bureau of Labor Statistics.

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark date March 1986.

p/ Denotes preliminary estimates.

r/ Denotes revised estimates.

Once a trend is started it is difficult to reverse. Only time or a major positive economic event will stop the continued decline in employment. Even if oil prices remain at the \$18 to \$19 range, additional losses

in employment are anticipated in 1987. The next issue of *Alaska Economic Trends* will give the Department of Labor, Research and Analysis' employment forecast for 1987 and 1988.

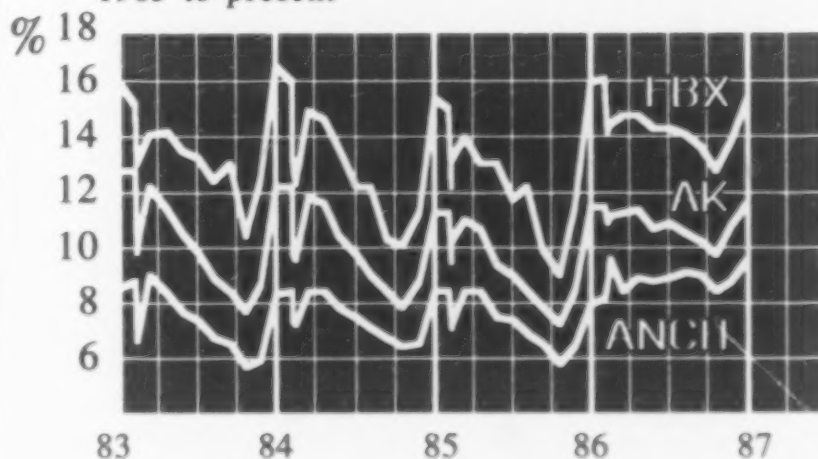
Current Events

The slide in employment continued as we entered the new year, although the rate and number of unemployed were below the previous January. The December-to-January loss in employment is typical as the manufacturing and construction industries reach their low points of the winter season and the trade and services industries layoff employees after the holidays. The less than usual seasonal losses for January appear to be more a result of less hiring coming into the holiday season than improved economic activity in the new year.

UNEMPLOYMENT RATE

not seasonally adjusted

1983 to present

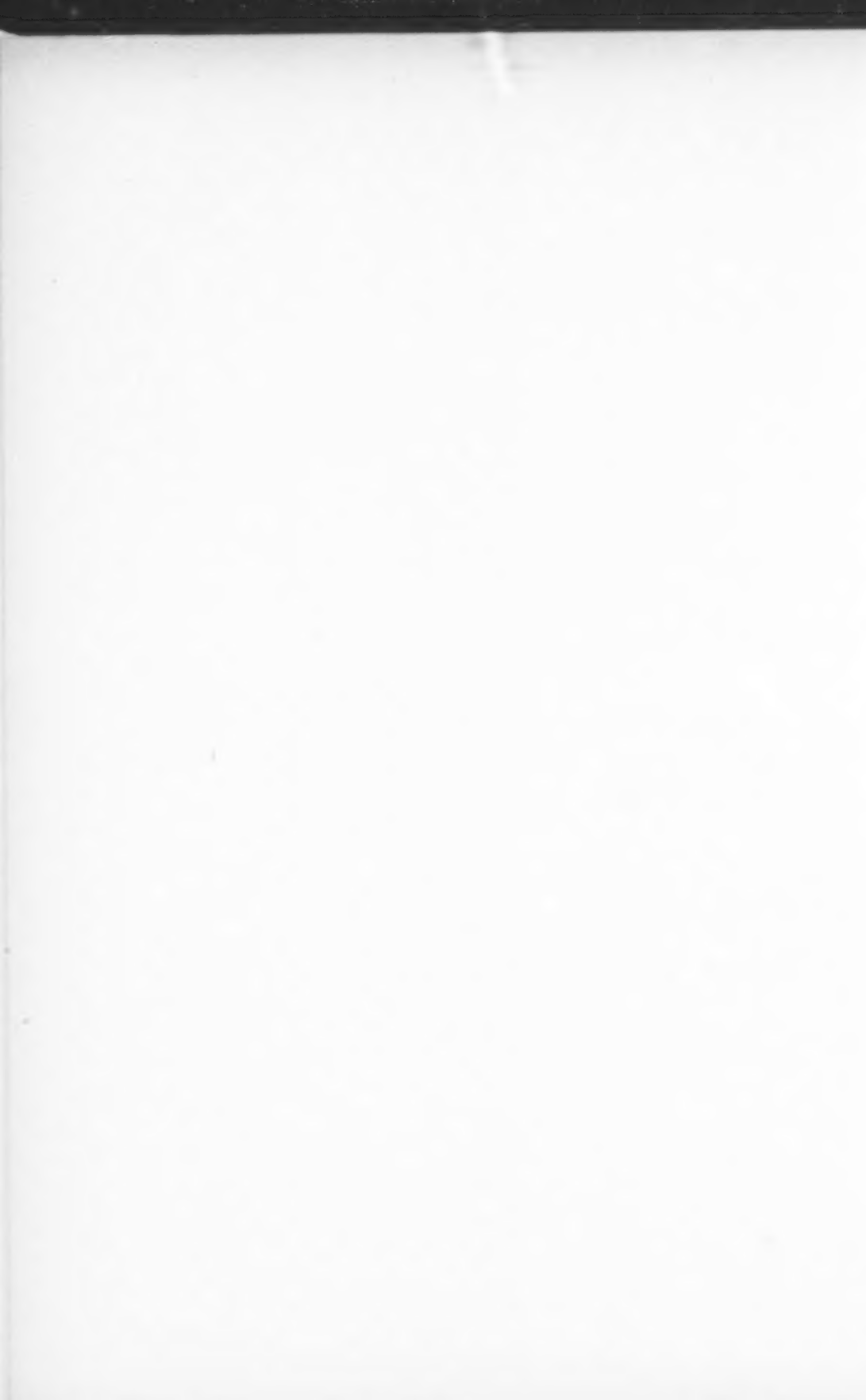


Labor Force By Regi

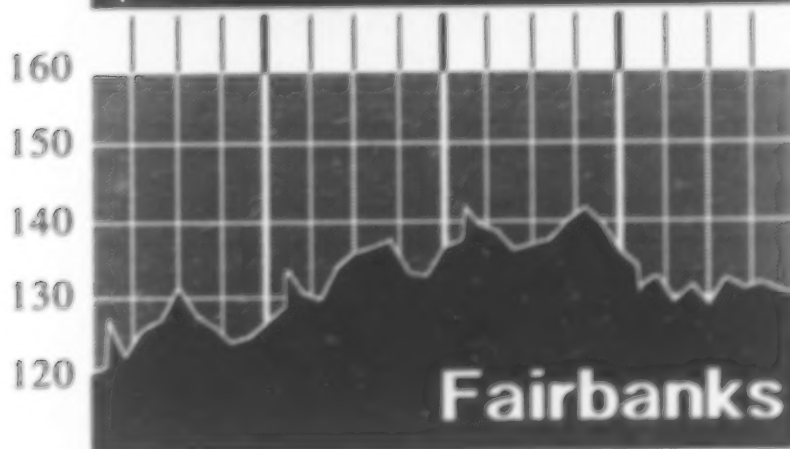
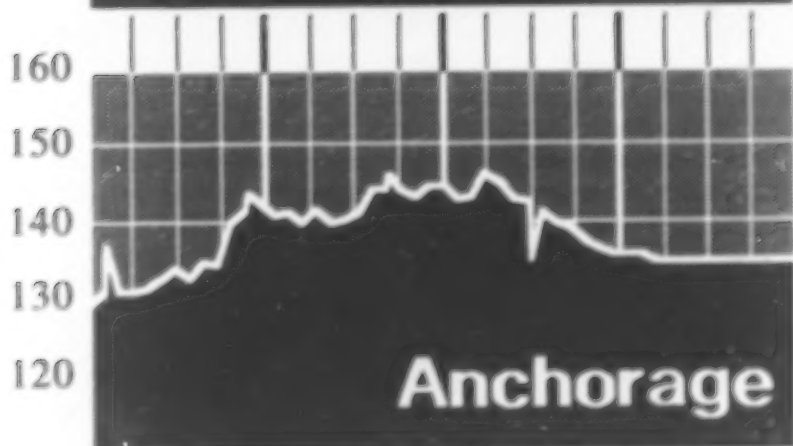
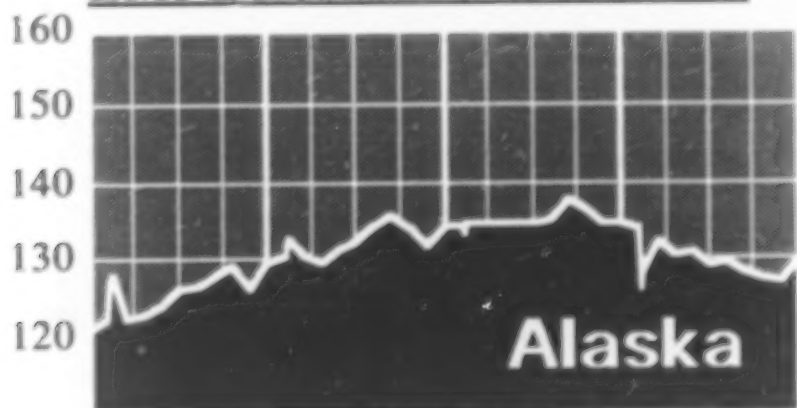
n and Census Area

Employment				Employment			
R/ 1/86	1/86	P/ 1/87	Rate R/ 12/86	1/86	P/ 1/87	R/ 12/86	1/86
22	23372	11.8	11.2	11.7	209540	214725	215125
11	12584	9.6	9.6	9.8	113495	118893	120216
91	9375	8.3	8.3	8.0	103587	106179	107296
22	7189	18.9	18.4	19.8	12408	12514	12280
50	3896	16.4	15.7	15.6	20361	20762	21010
50	3896	16.4	15.5	15.6	12689	12688	12536
56	481	8.1	8.1	8.4	5349	5174	5236
94	549	15.3	15.7	14.6	3123	3230	3238
95	5943	15.4	14.5	14.0	21027	21909	21138
87	4994	14.7	13.9	13.6	36940	37390	37037
98	419	16.9	16.5	16.8	1809	1860	1811
91	535	21.3	19.7	19.7	2219	2440	2384
95	795	11.9	10.4	9.9	6640	6813	7009
82	766	16.0	12.8	12.1	2530	2586	2663
41	175	6.7	5.8	5.3	2451	2514	2579
92	129	26.1	13.8	11.8	2679	1723	1767
57	4121	14.1	11.5	14.7	25762	19379	26426
30	368	14.8	15.2	15.8	713	719	714
16	151	8.0	8.4	11.4	1180	1114	11717
09	857	14.1	11.4	13.7	5102	5611	5105
93	443	23.4	17.3	15.7	7769	1668	1804
39	451	8.7	8.4	12.9	1141	280	3149
62	391	26.8	23.8	26.0	1178	71	1131
67	575	21.1	15.9	16.1	1569	3694	2536
03	660	8.6	6.2	6.6	3136	3153	3317
13	103	4.1	1.3	2.3	2466	2444	2468
02	166	5.6	4.8	5.0	3660	3631	3698
15	15	14.9	11.4	11.4	302	399	382
60	289	14.8	9.0	11.1	1637	1136	1638
57	180	23.5	10.1	11.1	1118	1781128	

cluded in the comparison with the Census Population Survey (CPS) as
 up time periods are not as reliable as other time series published
 are in the quarterly seasonally adjusted monthly releases of level
 system rates in the fourth month after the date of the survey as the quality
 is poor because anyone who has made an attempt to find work in
 health of individuals. Most economists have that Alaska's labor force



COMPOSITE NONAG. EMPLOYMENT INDEXES



83

84

85

86

87

SEASONALLY ADJUSTED 1983 TO PRESENT

source: ak. dept. of labor

Anchorage/MatSu

By Greg Hoff



1986 Benchmark: Revised Estimates

The revised employment estimates for Anchorage reveal that employment levels deteriorated quickly and dramatically from December 1985 to January 1986, and the economic downturn picked up momentum as the year progressed. Over-the-year employment growth of 2% in December was followed by a 1% over-the-year decline in January. Employment losses then escalated over the next eleven months. By December 1986 employment levels were down 7% over the previous December. The annual average employment estimates indicate that employment declined by 5,300 jobs or 4.6% from 1985 to 1986.

This was Anchorage's single largest yearly decline in employment in the past 30 years. Anchorage, however, had never experienced such a period of economic expansion and diversification such as the one that was recorded during the first half of the 1980s. As a result, Anchorage's economic base and infrastructure is larger and more diversified today than it would have been, given historical growth trends prior to the 1980s.

As Table 1 indicates, the extent of employment declines were widespread. Only the government sector experienced over-the-year increases. This was basically due to increases prior to July 1986, in-

Table 1
Anchorage Employment
Change by Industry
(1986 Benchmark)

	Percent Change 1985-1986	Absolute Change 1985-1986
Total	-4.6%	-5,300
Mining	-14.3%	-400
Construction	-20.8%	-2,000
Manufacturing	-7.2%	-600
Transportation, Comm. & Util.	-1.0%	-100
Trade	-6.2%	-1,000
Finance, Insur. & Real Estate	-3.3%	-300
Services	-4.4%	-1,200
Government	1.1%	1,300

from the beginning of the 1987 state fiscal year. Thereafter, state and local government experienced a year-to-year loss of jobs. In September the effects of school employment reductions outweighed the losses in government. By December state and local government employment were down by over 400 from the previous year. National government employment, however, continued at a moderate growth trend.

Comparison of Original Estimates and Benchmarked Estimates

As explained in further detail at the last article beginning on page 1 in this issue of Alaska Consumer Trends the revised estimates are the result of a procedure referred to as Benchmarking. As a result of benchmarking the employment numbers better indicate the economy's direction as well as the magnitude and direction of that direction.

The variation in the results of the original and benchmarked estimates is illustrated by Figure 1. The deviation of the two series after June 1985 was primarily caused by a departure from assumed patterns during the summer that was a result of a weaker than anticipated trade sector. The difference between the original and benchmarked estimates for 1985, however, was only 800 jobs. The main deviation between the original and the benchmarked estimates occurred from December 1985 to January 1986.

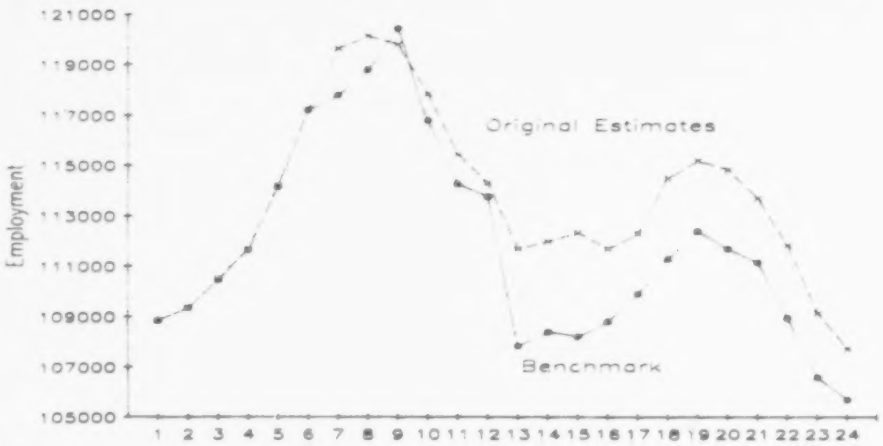
The original estimates did not capture the rapid decline in employment from December to January. After January the trend patterns of the two estimates are similar yet the original estimates remain above the benchmarked numbers. As you see the original estimates showed an actual decline in Anchorage employment of 2.2% compared to the 4.6% decline recorded by the benchmarked estimates. The equates to the original estimates being 2,500 jobs too high.

The major deviation of the two series was due to a more volatile than anticipated support, or secondary sector. The most volatile of these industries was services. According to the benchmarked estimates, the services industry was growing at 2.6% in a year-to-year basis in December 1985, but by January year-to-year employment decreased 2.3%.

The two components of the services sector responsible for most of the rapid decline were (1) the business services component, which contain firms that are engaged in advertising or public relations, engineering and architectural services, building, engineering, social and housing and computer and data processing related services and (2) the miscellaneous services component, which comprises

Figure I

**Anchorage Employment
Original Estimates vs. Benchmark
January 1985 – December 1986**



repair services, engineering, architectural, and surveying services, and accounting and bookkeeping services. Combined employment in these two components fell by 1,000 jobs in one month.

Both the trade and finance, insurance and real estate industries were more volatile than anticipated. Employment declines were largest from December to January, but both industries also had summer employment levels well below their normal levels. In addition, Christmas season employment gains were below normal in the retail trade sector. Throughout the year all aspects of trade were reflecting some employment declines, but particularly hard hit were the specialty retailers.

Employment Losses Continue in the New Year

Anchorage employment statistics for January show employment losses of 5,600, a 5.1% drop from the levels recorded in January 1985. Over the past 13 months employment has declined by 10,900 jobs. January's levels, however, remain above January 1983 levels (96,450) but below January 1984 levels (104,300).

**Nonagricultural Wage and Salary Employment
By Place of Work
Anchorage**

Changes From:

	p/ 1/87	r/ 12/86	1/86	12/86	1/86
Nonag. Wage & Salary	102250	105700	107850	-3450	-5600
Mining	3100	3150	4000	-50	-900
Construction	5250	5850	6250	-600	-1000
Manufacturing	2100	2150	2300	-50	-200
Food & Kindred Prod.	400	400	400	0	0
Other Mfg	1700	1750	1900	-50	-200
Trans. Comm. & Utilities	8800	9050	9100	-250	-300
Trucking & Whseing	1350	1350	1300	0	50
Water Transportation	200	250	250	-50	-50
Air Transportation	2900	2950	3050	-50	-150
Other Trans. Comm. & Utilities	4350	4500	4500	-150	-150
Trade	25000	26250	26700	-1250	-1700
Wholesale	5600	5700	6400	-100	-800
Retail	19400	20550	20300	-1150	-900
Gen. Merchandise	1950	2150	1900	-200	50
Food Stores	3050	3150	2850	-100	200
Eating & Drinking Pl.	7850	7850	8150	0	-300
Other Retail Trade	6550	7400	7400	-850	-850
Finance-Ins. & R E	8000	8050	8300	-50	-300
Services & Misc	24000	24400	24900	-400	-900
Government	26000	26800	26300	800	-300
Federal	10300	10350	9900	-50	400
State	6650	7150	7000	-500	-350
Local	9050	9300	9400	-250	-350

**Nonagricultural Wage and Salary Employment
By Place of Work
Anchorage-MatSu**

Changes From:

	p/ 1/87	r/ 12/86	1/86	12/86	1/86
Nonag. Wage & Salary	108750	112400	114750	-3650	-6000
Mining	3100	3150	4000	-50	-900
Construction	5500	6150	6600	-650	-1100
Manufacturing	2150	2200	2400	-50	-250
Trans. Comm. & Utilities	9500	9750	9800	-250	-300
Trade	26500	27850	28250	1350	-1750
Finance-Ins. & R E	8500	8600	8850	-100	-350
Services & Misc	25150	25550	26200	-400	-1050
Government	28350	29150	28650	-800	-300

The employment decline of 5.1% for January is an improvement from the 7.1% decline in December 1986. If this trend continues, the worst of the employment losses may have occurred during 1986.

The unemployment rate fell slightly in January as a result of a 400 drop in the number of unemployed Anchorage workers. This may indicate that population declines have begun in earnest. Several more months of data will be needed to confirm this trend. Even though the economy may not recover in 1987, the unemployment rate may fall compared to 1986 due to out-migration of unemployed workers.

Fairbanks/Interior

By Neal Fried



1986 Employment Downturn Underestimated

The recently benchmarked 1986 employment figures now make it official that the estimates over the course of the year underestimated the decline in Fairbanks' employment. This is not up-to-date news because as early as May 1986, administrative data that made it obvious the estimates were already too high became available (see May 1985 Trends).

As 1986 progressed, the estimates improved and were closer to the benchmarked data. The magnitude of the difference between the estimates and actual data occurred because of the unexpected sharp downturn in Fairbanks' employment early in 1986. Employment during the last quarter of 1985 had remained so strong that the rapid decline in total employment during the first quarter of 1986 was not captured in the estimates until later in the year. The prebenchmark employment estimates for Fairbanks indicated only a 1% decline in total employment in 1986 compared to an actual decline of 5.1%.

The construction employment estimates were responsible for most of the benchmark revisions. Construction employment actually fell 41.9% while the earlier estimates indicated only a 16% decline. Construction employment remained strong through the last quarter of 1985, 38% above the last quarter 1984, but during the 1st quarter 1986 the trend reversed itself and construction employment plummeted. This sudden change in events was not captured early enough, causing the estimates to be too high.

The other industries that contributed significantly to the error in the estimates were transportation, communication and utilities and trade. Trade's estimates indicated a 1.6% decline compared to an benchmarked decline of 4.8%. Transportation, communication and utilities estimates remained flat, whereas the benchmark figures came in with a decline of 3.6%. All other industry estimates were either very close or identical with the benchmark figures.

Employment Declines Picked Up Steam

The benchmark numbers indicate that employment declines picked up steam during the course of the year. During the first half of the year total employment had fallen by 3.5% but by the end of the year the annual average decline reached 5.1%. All of the industries that

**Nonagricultural Wage and Salary Employment
By Place of Work
Fairbanks**

Changes From:

	p/ 1/87	r/ 12/86	1/86	12/86	1/86
Nonag. Wage & Salary	25300	26500	26300	-1200	-1000
Mining	100	100	100	0	0
Construction	1200	1550	1350	-350	-150
Manufacturing	550	600	550	-50	0
Trans. Comm. & Utilities	2550	2550	2500	0	50
Trucking & Whseing.	400	400	400	0	0
Air Transportation	900	900	900	0	0
Other Trans. Comm. & Utilities	1250	1250	1200	0	50
Trade	5300	5750	5450	-450	-150
Wholesale	850	900	900	-50	-50
Retail	4450	4850	4550	-400	-100
Gen. Mer. & Apparel	550	700	550	-150	0
Food Stores	750	750	750	0	0
Other Retail Trade	3150	3400	3250	-250	-100
Finance-Ins. & R.E.	1000	1050	1050	-50	-50
Services & Misc.	5450	5600	5850	-150	-400
Government	9150	9300	9450	-150	-300
Federal	2850	2900	2700	-50	150
State	3600	3800	3850	-200	-250
Local	2700	2600	2900	100	-200

**Nonagricultural Wage and Salary Employment
By Place of Work
Interior**

Changes From:

	p/ 1/87	r/ 12/86	1/86	12/86	1/86
Nonag. Wage & Salary	29200	30450	29950	-1250	-750
Mining	250	250	250	0	0
Construction	1250	1600	1400	-350	-150
Manufacturing	550	600	550	-50	0
Trans. Comm. & Utilities	2850	2900	2850	-50	0
Trade	5650	6100	5750	-450	-100
Finance-Ins. & R.E.	1100	1100	1100	0	0
Services & Misc.	5900	6050	6200	-150	-300
Government	11650	11850	11850	-200	-200

showed declines during the first half of the year continued to experience losses during the remainder of the year.

Mining employment was the only industry that went from growth in the first half of 1986 to declines by the end of the year. This was largely the result of the Grant Mine and NERCO Minerals Inc. layoffs. Fairbanks' government employment went from 3% growth during the first half of 1986 to no growth by the end of the year.

Local government, which was still growing during the first half of the year, began to lose employment during the third and fourth quarters. State government losses that began during the first half of the year increased as the year progressed. The growth in federal government prevented the overall government sector's employment from falling.

Current Events

Fairbanks' employment fell in January. It is typical for Fairbanks' em-

Table 1
Fairbanks
Nonagricultural Wage and Salary Employment
By Place of Work

	1985	1986	Percent Change
Total	29,200	27,700	-5.1%
Mining	200	100	-50.0%
Construction	3,100	1,800	-41.9%
Manufacturing	600	600	0.0%
Trans. Comm. Utilities	2,800	2,700	-3.6%
Trucking & Whseing	500	400	-20.0%
Air Transportation	900	1,000	11.1%
Other Transportation	1,400	1,400	0.0%
Trade	6,200	5,900	-4.8%
Wholesale	1,000	900	-10.0%
Retail	5,100	5,000	-2.0%
Gen Mer. & Apparel	500	600	20.0%
Food Stores	800	800	0.0%
Other Retail	3,800	3,700	-2.6%
Finance-Ins. & R.E.	1,000	1,100	10.0%
Services & Misc.	5,800	6,000	3.4%
Government	9,600	9,600	0.0%
Federal	2,700	2,900	7.4%
State	4,000	3,900	-2.5%
Local	2,800	2,800	0.0%

Source: Alaska Department of Labor, Research and Analysis Section.

Benchmark Date June 1986.

ployment to fall in January because the frenzied Christmas season is over and other seasonal activity such as construction is reaching its low point of the year. Declines in employment in other industries, however, also continue to plague the local economy. Six out of the eight major industry categories experienced over-the-year declines in January.

The unemployment rate increased from 13.9% in December to 14.7% in January, an increase typical for most Januarys. More important, however, is the fact that Fairbanks' unemployment rate in January showed signs of improvement over January's 1986 rate of 15.6%. Part of this may simply mean an increasing number of unemployed residents are leaving, but it could also be the first indication that declines in employment in 1987 are already smaller than last year's. Whether this is true will become more clear after several months of data are available.

Gulf Coast

By Neal Fried



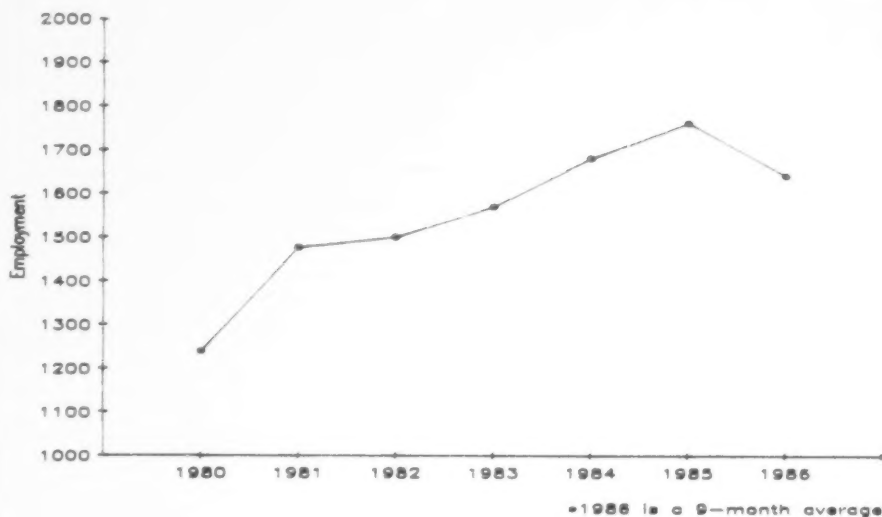
Homer's Employment—No Longer Growing

Homer employment figures indicate that employment fell in 1986 for the first time in many years. Historically, Homer's population and employment have grown briskly, more than most communities on both the Kenai Peninsula and statewide. As recently as 1985, employment in Homer grew 4.7% compared to 2% statewide. After five straight years of robust growth, employment in Homer fell 7.1% in 1986, a loss of 121 jobs.

The events building up to this condition were repeated all over the state. Initially, too much residential and commercial space was built and too many businesses were established for the Homer economy to absorb immediately. A period of readjustment began to occur. Before Homer could digest this new capacity the economy was hit by the economic effects of falling oil prices.

The construction industry was the hardest hit by the changed economic climate. Construction accounted for most of the losses in em-

City of Homer Employment 1980–1986*



ployment. Construction employment fell 46.5%, from 244 jobs in 1985 to 131 in 1986. The number of building permits issued by the City of Homer fell from 123 in 1985 to 62 in 1986. Construction valuation for the same period fell 62%. Public construction remained relatively strong in 1986, but residential and commercial construction fell off dramatically.

Other major industry categories that lost employment in 1986 included finance, insurance and real estate, manufacturing, transportation, and state government. Finance, insurance, and real estate lost 7.2% of its employment, although the number of jobs lost was relatively small.

Manufacturing employment, primarily fish processing employment, fell by 23 jobs in 1986. Since the shrimp and king crab fisheries have not improved and bottom fishing has not yet taken hold in Homer, employment increases in fish processing remain elusive.

State government joined the list of industries losing employment in 1986. The significance of the state government losses is not in the number of employees lost, but the fact that a stable sector such as state government joined the downturn of the economy.

Trade and services, on the other hand, actually grew during 1986. This is surprising because trade typically reacts quickly to a contraction in the economy. Sales data for Homer in 1986 fell 5%, but this apparently did not translate into a decline in retail trade employment. A healthy tourism season may have kept the numbers above 1985's level.

Tourism has the biggest impact on retail trade and services in Homer. Services includes lodging and recreation services and trade includes all of Homer's shops and eating and drinking places. Combined, services and trade employ 37% of Homer's wage and salary employment.

Despite increased employment in trade and services, no consensus exists regarding the health of Homer's 1986 tourism season. Some tourism operators felt 1986 was better than ever and others experienced quite the contrary. This could be because operators cater to different segments of the tourist industry.

One factor working against tourism in 1986 was Alaska's deteriorating economy. It has been estimated that approximately 87% of the tourists who visit the Kenai Peninsula are from Alaska. If fewer of the states' residents visited Homer and spent less money, this segment of tourism probably suffered, however, a growing number of out-of-state tourists helped offset these losses.

Table 1
City of Homer 1/
Employment by Industry
1985-1986

	1985	1986	Percent Change 1985-86
Total Employment	1678	1556	7.3%
Mining	**	**	-3.0%
Construction	244	131	46.3%
Manufacturing	183	160	-12.6%
Trans. Comm & Utilities	190	184	-3.2%
Trade	319	348	9.1%
Finance-Ins. & R.E.	**	**	-7.2%
Services & Misc.	273	275	0.7%
Government	386	387	0.3%
Federal	39	39	0.0%
State	19	16	-15.8%
Local	328	332	1.2%

1/ The data is based on the first nine months of each year and does not include Kachemak Bay and Ninilchik employment of approximately 175.

**nondisclosable

Source: Alaska Department of Labor, Research & Analysis, ES-202 Report

Bradley Lake

A discussion of Homer's economy would not be complete without mentioning the Bradley Lake hydroelectric project. The project has not impacted the City of Homer as heavily as many people expected. Though employment on this project is not located or counted in Homer, it does affect Homer's economy, and it may offset some of the employment losses in Homer's other industries.

Work on the \$356 million project began in July and the work force peaked at 176 in August. During the first phase of the project approximately 59 people from Homer and the surrounding area worked on the project. Others were involved in the logistics and supplied goods to the worksite across Kachemak Bay. Even though the total number of workers is small, in a labor force of Homer's size it can be significant.

It is uncertain whether the project will continue to move ahead. If it does, the project's completion date is December 1989, and its peak work force could reach 450. Though Homer has not seen the last of the effects of falling oil revenues, the Bradley Lake project may cushion the declines.

Current Events

The new year brought little relief to the labor force in the Gulf Coast region. The Kenai Peninsula Borough's unemployment rate climbed again in January, reaching 19.8%. Almost 1 in every 5 borough residents active in the labor force was unemployed. This represents an increase of 1.2 percentage points over last January's unemployment rate.

Kodiak's picture was considerably better, boasting an unemployment rate less than half as high as the Kenai Borough's. Kodiak's January unemployment rate was 8.1%, a slight improvement over last January's rate of 8.4% and unchanged from December. Valdez-Cordova's unemployment rate of 15.2% represented a small improvement over December's figure (15.7%) but was higher than last January's (14.5%).

**Nonagricultural Wage and Salary Employment
By Place of Work
Gulf Coast**

Changes From:

	p/ 1/87	r/ 12/86	1/86	12/86	1/86
Nonag Wage & Salary	17400	18000	18300	-600	-900
Mining	850	850	1100	0	-250
Construction	800	950	1100	-150	-300
Manufacturing	1850	1900	1900	-50	-50
Food & Kindred Prod.	1300	1300	1300	0	0
All Other Mfg.	550	600	600	-50	-50
Trans. Comm. & Utilities	1350	1350	1600	0	-250
Trade	3300	3450	3250	-150	50
Wholesale	500	500	450	0	50
Retail	2800	2950	2800	-150	0
Finance-Ins. & R.E.	650	650	650	0	0
Services & Misc.	3050	3200	3050	-150	0
Government	5550	5650	5650	-100	-100
Federal	600	600	550	0	50
State	1400	1500	1500	-100	-100
Local	3550	3550	3600	0	-50

Southeast Alaska

By John Boucher



Southeast Alaska Employment Falls in 1986

For the first time in recent history, Southeast Alaska's wage and salary employment declined from the previous year. Employment in the region dropped by one percent from 1985 to 1986. The loss of 282 jobs put the 1986 annual average employment at 29,044.

While employment losses over-the-year are never good news, there is some consolation in the relative performance of the Southeast Alaska economy. Other regions of the state lost from three to five percent of their total employment over the year so Southeast Alaska's economy did better than other regions during 1986.

Construction

Construction employment continued to decline in 1986, a trend that began in 1983. The drop in construction employment this year was more dramatic than the past two years, a 31.2% drop compared to drops of 10% and 8% the previous two years. To put 1986 into an historical perspective, it was the lowest total for construction employment in the 1980s, but it was still above 1979's level.

Table 1
Construction and Southeast Employment
1975-1986

Year	Const.	Total Nonag.	Const. % of Tot.
1975	953	21,946	4.3%
1976	954	22,230	4.3%
1977	974	23,049	4.2%
1978	997	24,763	4.0%
1979	944	24,967	3.8%
1980	1,212	27,610	4.5%
1981	1,428	27,267	5.2%
1982	1,514	27,844	5.4%
1983	2,017	28,706	7.0%
1984	1,814	28,875	6.3%
1985	1,665	29,326	5.7%
1986	1,146	29,044	3.9%

Traditionally, construction has played a large role in the wage and salary employment picture in Southeast Alaska as well as the rest of the state. Since 1975, the construction industry has employed between 3.8 and 7.0 percent of total employment in the region (Table 1).

During the early 1980s as the state's ability to spend on capital projects increased and commercial and residential construction responded to a rapidly increasing population, construction employment became an even more important part of the Southeast Alaska economy. In 1986, construction employment dropped to a level more in line with the industry's traditional share of total employment, around 4.0 percent of total employment.

Manufacturing

The manufacturing industry was the bright spot in the Southeast Alaska economy during 1986. The lumber and paper products industry experienced a tremendous resurgence, fueled by a more favorable yen/dollar exchange rate and increased competitiveness in the industry due to cost cutting measures. This industry experienced its highest level of employment since 1982.

Not all segments of the industry, however, are doing as well as they did in 1982. The logging portion of employment has been the major benefactor of the latest growth. In 1986 the sawmill portion of the industry employed about 60 % of what it did in 1982 while the pulp mill operated at about 80% of the employment it had in 1982.

The food and kindred products sector, which is predominantly seafood processing, also experienced growth in employment during 1986. Peak employment in August and July, especially in southern Southeast Alaska, rivaled some of the best years in recent history in terms of seafood harvesting employment. The off-seasons were not as productive, so the gain in overall food and kindred products employment was held to a modest five percent.

The other manufacturing portion of the industry, primarily newspaper and printing firms, showed little change during the year.

Transportation, Communication, and Utilities

The transportation industry in Southeast Alaska has four major sectors; air transport, water transport, communication and utilities and other transportation. In 1986 three of these four categories experienced employment growth.

Air transportation was one of the fastest growing due to an increase in summer traffic related to the tourism industry. Water transportation employment on the other hand generally follows the pattern of the lumber and paper products industry. When the wood products industry prospers as it did in 1986 it was good news for water transportation employment.

Some of the increase in water transportation employment can also be accounted for by an increase in tour ship traffic through the Inside Passage. The other transportation growth category, where ground transportation operators such as Westours are counted, was also the benefactor of employment growth due to tourism.

The communication and utilities portion of the transportation industry struggled through most of 1986. Increased competition in the long distance market added some additional employment but restructuring of the existing long distance carrier almost offset the employment gains. Overall, this sector of the industry maintained 1985's level of employment.

Trade, Services

Trade employment dropped by slightly less than 2 percent during 1986. Much of the drop off in trade employment was related to the construction industry. In wholesale trade, construction equipment and other durable goods wholesalers experienced employment losses in 1986. In retail trade, building material supply stores and furniture stores lost employment in 1986. The food store and eating and drinking portions of retail trade gained employment in 1986.

In the services industry, employment followed the trade industry pattern of small employment losses, however, nearly all of the employment loss was confined to the hotel/motel sector of the industry. Two major hotels in Sitka were consolidated into one facility accounting for a great deal of the employment loss.

Finance-Insurance & Real Estate and Government

Finance-insurance and real estate was a strong growth industry in 1986. Some of this growth could be attributed to additional employment in Southeast Alaska native corporations, but most of it was the financial area which includes banks, credit unions and stockbrokers.

Government employment was the second largest job loser during 1986. In the past government employment has been one of the areas which has grown despite poor economic conditions in the other in-

dustries in the region. The drastic change in the state's oil revenue picture has changed this for both state and local government. Most of the cutback in employment in state government has been in the non-education-related employment. On the local government side, education related employment is sharing the employment cuts along with the noneducational portion of local government.

Table 2
Southeast Region
Nonagricultural Wage and Salary Employment
1985 and 1986 Annual Averages

	1985	1986	Net Change	Percent Change
Nonag. Wage & Salary	29,326	29,044	-282	1.0%
Construction	1,665	1,146	-519	-31.2%
Building Const.	497	344	-153	-30.8%
Heavy Const.	491	363	-128	-26.1%
Special Trades	677	438	-239	-35.3%
Manufacturing	3,219	3,655	436	13.5%
Food & Kindred Prod.	996	1,049	53	5.3%
Lumber & Paper Prod.	2,015	2,402	387	19.2%
Other Mfg.	208	205	-3	-1.4%
Trans. Comm. & Utilities	2,032	2,125	93	4.6%
Water Trans	470	492	22	4.7%
Air Trans	469	522	53	11.3%
Communications & Utils	649	641	-8	-1.2%
Other Trans.	444	453	9	2.0%
Trade	4,552	4,464	-88	-1.9%
Wholesale	370	332	-38	-10.3%
Retail	4,182	4,132	-50	-1.2%
Food Stores	845	846	1	0.1%
Eating & Drinking Pl.	1,342	1,387	45	3.4%
Other Retail Trade	1,996	1,899	-97	-4.6%
Finance-Ins. & R.E.	1,114	1,187	73	6.6%
Mining, Services & Misc.	4,541	4,500	-41	-1.0%
Mining	44	41	-3	-6.8%
Hotel, Motel	801	664	137	17.1%
Medical Services	782	853	71	9.1%
Other Services	2,915	2,942	27	0.9%
Government	12,203	11,968	-235	-2.0%
Federal	2,085	2,098	13	0.6%
State	5,522	5,420	-102	-1.9%
Local	4,597	4,450	-147	-3.2%

Totals may not add due to rounding.

1/ 1986 annual average based on 6 months of actual data and 6 months of estimated data.

**Nonagricultural Wage and Salary Employment
By Place of Work
Southeast Alaska**

	Changes From:				
	p/ 1/87	r/ 12/86	1/86	12/86	1/86
Nonag. Wage & Salary	25450	26700	26050	-1250	-600
Construction	800	950	850	-150	-50
Manufacturing	2200	2550	2000	-350	200
Food & Kindred Prod.	350	350	300	0	50
Lumber & Paper Prod.	1650	2000	1500	-350	150
All Other Mfg.	200	200	200	0	0
Trans. Comm. & Utilities	1850	2000	1750	-150	100
Trade	4050	4350	4100	-300	-50
Wholesale	300	300	350	0	-50
Retail	3750	4050	3750	-300	0
Finance-Ins. & R.E.	1100	1150	1100	-50	0
Mining, Services & Misc.	4200	4300	4250	-100	-50
Government	11250	11400	12000	-150	-750
Federal	1950	2050	1950	-100	0
State	5050	4950	5550	100	-500
Local	4250	4400	4500	-150	-250

Hours and Earnings

By John Boucher

Current Trends

Two dramatic changes occurred in Alaska's hours and earnings data in the month of January. Average weekly hours and average weekly earnings in the manufacturing industry took a rather sharp tumble. The source of the drop was the lumber and paper products industry, which experienced a shutdown of the Wrangell sawmill for maintenance and a drop off in logging activity as many camps cut down on crew or closed down for the winter.

The other major movement in hours and earnings data came in the wholesale section of the trade industry. Average hourly earnings in wholesale trade dropped more than a dollar an hour according to this month's preliminary estimate. The source of this drop was in decreased commissions paid for the month of January. There is a possibility that wholesale trades average hourly earnings estimate for January will increase in the revised estimate as the sample data is supplemented with late reporting firms.

In the lead article for this month (page 1) the annual benchmark of hours and earnings data is discussed. Typically, benchmark hours and earnings data, like benchmarked employment data, is a more reliable estimate because more firms have reported and the sample to make estimates has been supplemented by these late reporting firms. Nineteen-eighty-six was no exception. Since there were revisions to employment estimates at the statewide level, the hours and earnings data would tend to be affected proportionately to the employment revisions.

Alaska Hours and Earnings for Selected Industries 1/ 2/

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	P/ 1/87	R/ 12/86	1/86	P/ 1/87	R/ 12/86	1/86	P/ 1/87	R/ 12/86	1/86
Mining	1260.84	1344.56	1225.66	53.2	56.0	52.2	23.70	24.01	23.48
Construction	959.71	1036.46	925.76	40.7	42.6	41.2	23.58	24.33	22.47
Manufacturing	419.46	495.50	482.25	33.8	38.5	37.5	12.41	12.87	12.86
Food & Kindred Prod ..	229.41	247.85	244.03	26.8	27.6	32.8	8.56	8.98	7.44
Lumber & Paper Prod ..	540.14	668.86	628.79	42.1	53.0	44.5	12.83	12.62	14.13
Trans., Comm. & Utilities	535.42	557.00	548.21	34.3	34.9	37.6	15.61	15.96	14.58
Trade	373.29	386.12	387.26	33.3	33.9	33.5	11.21	11.39	11.56
Wholesale	524.14	568.51	541.44	37.6	37.8	37.6	13.94	15.04	14.40
Retail	323.78	329.29	330.88	31.9	32.7	32.0	10.15	10.07	10.34
Finance-Ins. & R.E.	396.02	401.36	394.91	34.8	34.6	34.4	11.38	11.60	11.48

Benchmark 1986

1/ Prepared in cooperation with the Bureau of Labor Statistics US Department of Labor

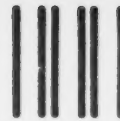
2/ excludes eating and drinking establishments

AVERAGE HOURS AND EARNINGS SERIES: Averages are based on data for full and part time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

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